

114TH CONGRESS
1ST SESSION

H. R. 3752

To simplify and improve the Federal student loan program through income-contingent repayment to provide stronger protections for borrowers, encourage responsible borrowing, and save money for taxpayers.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2015

Mr. POLIS (for himself and Mr. HANNA) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To simplify and improve the Federal student loan program through income-contingent repayment to provide stronger protections for borrowers, encourage responsible borrowing, and save money for taxpayers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Earnings Contingent
5 Education Loans Act of 2015” or the “ExCEL Act of
6 2015”.

1 **SEC. 2. TERMINATION OF AUTHORITY TO MAKE FEDERAL**
2 **DIRECT STAFFORD LOANS, FEDERAL DIRECT**
3 **UNSUBSIDIZED STAFFORD LOANS, AND FED-**
4 **ERAL DIRECT PLUS LOANS TO STUDENTS**
5 **UNDER THE WILLIAM D. FORD FEDERAL DI-**
6 **RECT LOAN PROGRAM.**

7 Section 455(a) of the Higher Education Act of 1965
8 (20 U.S.C. 1087e(a)) is amended by adding at the end
9 the following:

10 “(4) TERMINATION OF AUTHORITY TO MAKE
11 FEDERAL DIRECT STAFFORD LOANS, FEDERAL DI-
12 RECT UNSUBSIDIZED STAFFORD LOANS, AND FED-
13 ERAL DIRECT PLUS LOANS TO STUDENTS UNDER
14 THIS PART.—

15 “(A) IN GENERAL.—Notwithstanding any
16 provision of this part or part B, for any period
17 of instruction beginning on or after July 1,
18 2016—

19 “(i) a student shall not be eligible to
20 receive a Federal Direct Stafford Loan
21 under this part; and

22 “(ii) a student shall not be eligible to
23 receive a Federal Direct Unsubsidized
24 Stafford Loan or Federal Direct PLUS
25 Loan under this part, except as provided in
26 subparagraph (B).

1 “(B) EXCEPTIONS.—Subparagraph (A)(ii)
2 shall not be applicable with respect to the fol-
3 lowing:

4 “(i) EXISTING STUDENT BOR-
5 ROWERS.—A student who, as of July 1,
6 2016, has an outstanding balance of prin-
7 cipal or interest owing on any loan made,
8 insured, or guaranteed under part B or
9 this part may continue to be eligible to
10 borrow a loan under this part, except for
11 a Federal Direct Stafford Loan, in accord-
12 ance with subparagraph (C) until June 30,
13 2019.

14 “(ii) PARENT PLUS LOANS.—An ex-
15 cepted PLUS loan or excepted consolida-
16 tion loan (as such terms are defined in sec-
17 tion 493C(a)) under this part that is made
18 to a parent on behalf of an undergraduate
19 dependent student.

20 “(iii) FEDERAL DIRECT CONSOLIDA-
21 TION LOANS.—A Federal Direct Consolida-
22 tion Loan under this part.

23 “(C) MAXIMUM ANNUAL AMOUNTS OF
24 FEDERAL DIRECT UNSUBSIDIZED STAFFORD
25 LOANS.—The maximum annual amount of Fed-

eral Direct Unsubsidized Stafford Loans a student described in subparagraph (B)(i) may borrow in an academic year (as defined in section 481(a)(2)) or its equivalent shall be the maximum annual amount for such student determined under section 428H, plus an amount equal to the amount of Federal Direct Stafford Loans the student would have received in the absence of subparagraph (A)(i).”.

**SEC. 3. ESTABLISHMENT OF THE INCOME DEPENDENT
EDUCATION ASSISTANCE LOAN PROGRAM
AND THE IDEA LOAN REPAYMENT PROGRAM.**

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.) is amended by adding at the end the following new part:

**“PART J—INCOME DEPENDENT EDUCATION
ASSISTANCE LOANS
“Subpart 1—IDEA Loans**

“SEC. 499A. PROGRAM AUTHORITY AND AGREEMENTS.

“(a) PROGRAM AUTHORITY.—

“(1) IN GENERAL.—There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary to make loans to all eligible students in attendance at participating institutions of higher education selected by the Sec-

1 retary, to enable such students to pursue their
2 courses of study at such institutions during the pe-
3 riod beginning July 1, 2016. Loans made under this
4 part shall be made by participating institutions, or
5 consortia thereof, that have agreements with the
6 Secretary to originate loans, or by alternative origi-
7 nators designated by the Secretary to make loans for
8 students in attendance at participating institutions.

9 “(2) DESIGNATION.—The program established
10 under this subpart shall be referred to as the ‘In-
11 come Dependent Education Assistance Loan Pro-
12 gram’, or the ‘IDEA Loan Program’.

13 “(b) FUNDS FOR THE ORIGINATION OF IDEA
14 LOANS.—The Secretary shall provide funds for student
15 loans under this part in the same manner as the Secretary
16 provides funds for the origination of Federal Direct Stu-
17 dent Loans under part D in accordance with section 452.
18 The requirements, rights, and limitations under section
19 452 with respect to the Secretary and institutions for
20 funds provided for loans under part D shall apply with
21 respect to the Secretary and institutions for funds pro-
22 vided for loans under this part, except that funds under
23 this part shall not be provided for parent loans.

1 “(c) SELECTION OF INSTITUTIONS FOR PARTICIPA-
2 TION AND ORIGINATION, AND AGREEMENTS WITH INSTI-
3 TUTIONS.—

4 “(1) SELECTION OF INSTITUTIONS FOR PAR-
5 TICIPATION AND ORIGINATION.—The Secretary shall
6 enter into agreements with institutions of higher
7 education to participate in the IDEA Loan Program
8 under this part and agreements with institutions of
9 higher education, or consortia thereof, to originate
10 loans in such program for academic years beginning
11 on or after July 1, 2016. The provisions of section
12 453 shall apply with respect to agreements under
13 this section. The Secretary shall provide alternative
14 origination services for loans under this part, as ap-
15 propriate, in a manner consistent with the provisions
16 of sections 453 and 456 related to alternative origi-
17 nation services for loans under part D.

18 “(2) PARTICIPATION AND ORIGINATION AGREE-
19 MENTS WITH INSTITUTIONS.—An agreement with
20 any institution of higher education for participation
21 in the IDEA Loan Program under this part, and an
22 agreement with any institution of higher education,
23 or consortia thereof, to originate loans in such pro-
24 gram, shall have the same terms as the terms re-
25 quired under section 454 for agreements with an in-

stitution for participation or origination, respectively, in the student loan program under part D, except that agreements for participation or origination under this part shall not apply to parent loans.

“(3) WITHDRAWAL AND TERMINATION PROCEDURES.—The Secretary shall establish procedures by which institutions or consortia may withdraw or be terminated from the program under this part.

“SEC. 499B. TERMS AND CONDITIONS OF IDEA LOANS.

“(a) PARALLEL TERMS, CONDITIONS, BENEFITS, AND AMOUNTS.—Unless otherwise specified in this part, Income Dependent Education Assistance Loans (hereinafter referred to as ‘IDEA Loans’) made to borrowers under this part shall have the same terms, conditions, and benefits, and be available in the same amounts, as Federal Direct Unsubsidized Stafford Loans made to borrowers under part D, and first disbursed on the day before the date of enactment of the Earnings Contingent Education Loans Act of 2015.

“(b) ELIGIBLE BORROWERS.—

“(1) IN GENERAL.—In addition to the requirements of section 484, to be eligible to receive a loan (other than an IDEA Consolidation Loan) under this part, a borrower—

1 “(A) shall be an individual who, on the
2 date of application for such loan, has no out-
3 standing balance of principal or interest owing
4 on any loan made, insured, or guaranteed under
5 part B or D (other than an excepted PLUS
6 loan or an excepted consolidation loan (as such
7 terms are defined in section 493C(a))); or

8 “(B) in the case of an individual with an
9 outstanding balance of principal or interest
10 owing on any loan described in subparagraph
11 (A), shall consolidate all such existing loans
12 into an IDEA Consolidation Loan under section
13 499C.

14 “(2) ONLY STUDENT BORROWERS ELIGIBLE.—

15 For purposes of this part, the term ‘borrower’ shall
16 not include a parent borrower.

17 “(c) ANNUAL AND AGGREGATE LIMITS.—

18 “(1) IN GENERAL.—Subject to paragraph (2),
19 the maximum annual amount of IDEA Loans in any
20 academic year (as defined in section 481(a)(2)) or
21 its equivalent, and the maximum aggregate amount
22 of IDEA Loans that a student may borrow, shall be
23 the maximum annual amounts and maximum aggre-
24 gate amounts, respectively, of Federal Direct Unsub-
25 sidized Stafford Loans under part D that such stu-

1 dent would have been eligible to borrow in the ab-
2 sence of section 455(a)(4), as added by Earnings
3 Contingent Education Loans Act of 2015.

4 “(2) GRADUATE AND PROFESSIONAL STU-
5 DENTS.—In the case of a graduate or professional
6 student who would have been eligible to borrow a
7 Federal Direct PLUS Loan under part D in the ab-
8 sence of section 455(a)(4), as added by Earnings
9 Contingent Education Loans Act of 2015, the max-
10 imum annual amounts and maximum aggregate
11 amounts, respectively, of IDEA Loans that the stu-
12 dent may borrow as determined under paragraph (1)
13 for any academic year (as defined in section
14 481(a)(2)) or its equivalent, may be increased to an
15 amount equal to the maximum annual amounts and
16 maximum aggregate amounts, respectively, of Fed-
17 eral Direct PLUS Loans that such student would
18 have been eligible to borrow in the absence of such
19 section 455(a)(4).

20 “(d) LOAN FEE.—The Secretary shall charge the
21 borrower of a loan (other than an IDEA Consolidation
22 Loan) made under this part an origination fee. Such fee
23 shall be the sum of—

24 “(1) for the portion of the principal amount of
25 the loan that is equal to (or less than) the maximum

1 annual amount a student may borrow under sub-
2 section (c)(1), 1.0 percent of such portion of the
3 principal amount of the loan; plus

4 “(2) for the portion of the principal amount of
5 the loan that exceeds the maximum annual amount
6 a student may borrow under subsection (c)(1), as
7 authorized by subsection (c)(2), 4.0 percent of such
8 portion of the principal amount of the loan.

9 “(e) INTEREST RATES.—

10 “(1) IN GENERAL.—Except as provided in para-
11 graph (2), for IDEA Loans for which the first dis-
12bursement is made on or after July 1, 2016, the ap-
13plicable rate of interest shall, during any 12-month
14period beginning on July 1 and ending on June 30,
15be determined on the preceding June 1 and be equal
16to—

17 “(A) the bond equivalent rate of 10-year
18 Treasury bills auctioned at the final auction
19 held prior to such June 1; plus

20 “(B) 3.0 percent.

21 “(2) CERTAIN GRADUATE AND PROFESSIONAL
22 STUDENTS.—Notwithstanding paragraph (1), with
23 respect to graduate or professional students who
24 have increased maximum annual and aggregate loan
25 limits under subsection (c)(2), for IDEA Loans for

1 which the first disbursement is made on or after
2 July 1, 2016, the applicable rate of interest shall be
3 the weighted average of—

4 “(A) the rate determined under paragraph
5 (1) for the portion of the principal amount of
6 the loan that is equal to (or less than) the max-
7 imum annual amount a student may borrow
8 under subsection (c)(1); and

9 “(B) the rate determined under paragraph
10 (1), except that ‘4.1 percent’ shall be sub-
11 stituted for ‘3.0 percent’ in such determination,
12 for the portion of the principal amount of the
13 loan that exceeds the maximum annual amount
14 a student may borrow under subsection (c)(1),
15 as authorized by subsection (c)(2).

16 “(3) CONSULTATION.—The Secretary shall de-
17 termine the applicable rate of interest under para-
18 graph (1) after consultation with the Secretary of
19 the Treasury and shall publish such rate in the Fed-
20 eral Register as soon as practicable after the date of
21 determination.

22 “(4) APPLICATION OF INTEREST RATE DURING
23 THE LIFE OF THE LOAN.—

24 “(A) FIXED RATE UNTIL CAP.—The appli-
25 cable rate of interest determined under para-

graph (1) or (2) for an IDEA Loan shall be fixed for the life of the loan, except that interest shall cease to accrue when the total amount of interest (both paid and unpaid) that has accrued during the borrower's grace and repayment periods equals 50 percent of the total amount of the loan (equal to the sum of the unpaid principal, interest, penalties, and fees due on the loan) as of the first day of the borrower's grace period.

“(B) IN-SCHOOL DEFERMENT PERIOD.—

Interest shall accrue and be capitalized or paid by the borrower (but periodic installments of principal need not be paid) during the in-school deferment period with respect to an IDEA Loan. For the purposes of this part, the in-school deferment period with respect to an IDEA Loan is the first period during which the borrower is pursuing at least one-half the normal full-time academic workload (as determined by the institution) in the course of study for which the borrower received such loan and ending on the first day of the first month that begins after the borrower ceases to carry at least one-half the normal full-time academic workload

1 (as determined by the institution) in the course
2 of study.

3 “(C) GRACE AND REPAYMENT PERIODS.—

4 Interest that accrues during the borrower’s
5 grace period (for the purposes of this title, de-
6 fined as the period between the borrower’s in-
7 school deferment period and the borrower’s re-
8 payment period) and during the borrower’s re-
9 payment period shall not be capitalized.

10 “(f) ARMED FORCES STUDENT LOAN INTEREST
11 PAYMENT PROGRAM.—Using funds received by transfer to
12 the Secretary under section 2174 of title 10, United States
13 Code, for the payment of interest on a loan made under
14 this part to a member of the Armed Forces, the Secretary
15 shall pay the interest on the loan as due for a period not
16 in excess of 36 consecutive months. The Secretary may
17 not pay interest on such a loan out of any funds other
18 than funds that have been so transferred.

19 “(g) NO ACCRUAL OF INTEREST FOR ACTIVE DUTY
20 SERVICEMEMBERS.—

21 “(1) IN GENERAL.—Notwithstanding any other
22 provision of this part and in accordance with para-
23 graphs (2) and (4), interest shall not accrue for an
24 eligible military borrower on a loan made under this

1 part for which the first disbursement is made on or
2 after July 1, 2016.

3 “(2) IDEA CONSOLIDATION LOANS.—In the
4 case of any IDEA Consolidation Loan made under
5 this part that is disbursed on or after July 1, 2016,
6 interest shall not accrue pursuant to this subsection
7 only on such portion of such loan as was used to
8 repay a loan made under part D for which the first
9 disbursement is made on or after October 1, 2008.

10 “(3) ELIGIBLE MILITARY BORROWER.—In this
11 subsection, the term ‘eligible military borrower’
12 means an individual who—

13 “(A)(i) is serving on active duty during a
14 war or other military operation or national
15 emergency; or

16 “(ii) is performing qualifying National
17 Guard duty during a war or other military op-
18 eration or national emergency; and

19 “(B) is serving in an area of hostilities in
20 which service qualifies for special pay under
21 section 310 of title 37, United States Code.

22 “(4) LIMITATION.—An individual who qualifies
23 as an eligible military borrower under this sub-
24 section may receive the benefit of this subsection for
25 not more than 60 months.

1 “(h) LOAN CANCELLATION AND DISCHARGE.—The
 2 Secretary shall discharge a borrower’s liability on a loan
 3 made under this part in accordance with subsections (a)
 4 and (c) of section 437.

5 “(i) NO PUBLIC SERVICE LOAN FORGIVENESS.—A
 6 loan made under this part shall not be eligible for the pub-
 7 lic service loan forgiveness program under section 455(m).

8 **“SEC. 499C. IDEA CONSOLIDATION LOANS.**

9 “(a) IDEA CONSOLIDATION LOANS.—

10 “(1) IN GENERAL.—Except as provided in this
 11 section, an IDEA Consolidation Loan under this sec-
 12 tion shall have the same terms, conditions, and bene-
 13 fits, as IDEA Loans under this part.

14 “(2) BORROWER AND LOAN ELIGIBILITY.—To
 15 be eligible to receive an IDEA Consolidation Loan
 16 under this section, a borrower—

17 “(A) shall—

18 “(i) meet the criteria described in sec-
 19 tion 428C(a)(3)(A); and

20 “(ii) in the case of a borrower de-
 21 scribed in section 499B(b)(1)(B), agree to
 22 consolidate into an IDEA Consolidation
 23 Loan all loans made to the borrower that
 24 are described in subparagraphs (A) and
 25 (C) of section 428C(a)(4) (other than an

1 excepted PLUS loan or an excepted con-
2 solidation loan (as such terms are defined
3 in section 493C(a));

4 “(B) may consolidate the loans described
5 in subparagraphs (B), (D), and (E) of section
6 428C(a)(4) into such IDEA Consolidation
7 Loan; and

8 “(C) may not consolidate an IDEA Loan
9 under section 499B into such IDEA Consolida-
10 tion Loan.

11 “(3) REQUIREMENTS FOR THE SECRETARY.—
12 In making IDEA Consolidation Loans under this
13 section, the Secretary—

14 “(A) shall ensure that—

15 “(i) each IDEA Consolidation Loan
16 will be made, notwithstanding any other
17 provision of this title limiting the annual or
18 aggregate principal amount for all loans
19 made to the borrower, in an amount which
20 is equal to the sum of the unpaid principal,
21 interest, penalties, and fees of all loans re-
22 ceived by the borrower which are selected
23 by the borrower for consolidation under
24 this section; and

1 “(ii) the proceeds of each IDEA Con-
2 solidation Loan will be paid by the Sec-
3 retary to the holder or holders of the loans
4 being consolidated to discharge the liability
5 on such loans;

6 “(B) shall not discriminate against any
7 borrower seeking such an IDEA Consolidation
8 Loan—

9 “(i) based on the number or type of
10 loans the borrower seeks to consolidate;

11 “(ii) based on the interest rate to be
12 charged to the borrower with respect to the
13 consolidation loan; or

14 “(iii) based on the type or category of
15 institution of higher education that the
16 borrower attends or attended; and

17 “(C) shall disclose to a prospective bor-
18 rower, in simple and understandable terms, at
19 the time the Secretary provides an application
20 for an IDEA Consolidation Loan—

21 “(i) whether consolidation would re-
22 sult in a loss of loan benefits under part
23 B or part D, including loan forgiveness,
24 cancellation, and deferment;

1 “(ii) with respect to Federal Perkins
2 Loans under part E—

3 “(I) that if a borrower includes a
4 Federal Perkins Loan under part E in
5 the consolidation loan, the borrower
6 will lose all interest-free periods that
7 would have been available for the Fed-
8 eral Perkins Loan, including—

9 “(aa) the periods during
10 which no interest accrues on such
11 loan while the borrower is en-
12 rolled in school at least half-time;

13 “(bb) the grace period under
14 section 464(c)(1)(A); and

15 “(cc) the periods during
16 which the borrower’s student
17 loan repayments are deferred
18 under section 464(c)(2);

19 “(II) that if a borrower includes
20 a Federal Perkins Loan in the con-
21 solidation loan, the borrower will no
22 longer be eligible for cancellation of
23 part or all of the Federal Perkins
24 Loan under section 465(a); and

1 “(III) the occupations listed in
2 section 465 that qualify for Federal
3 Perkins Loan cancellation under sec-
4 tion 465(a);

5 “(iii) the options of the borrower to
6 prepay the IDEA Consolidation Loan;

7 “(iv) the consequences of default on
8 the IDEA Consolidation Loan; and

9 “(v) that by applying for an IDEA
10 Consolidation Loan, the borrower is not
11 obligated to agree to take the consolidation
12 loan.

13 “(b) INTEREST RATE.—

14 “(1) IN GENERAL.—Notwithstanding section
15 499B(e), an IDEA Consolidation Loan for which the
16 application is received on or after July 1, 2016, shall
17 bear interest at an annual rate on the unpaid prin-
18 cipal balance of the loan that is equal to the weight-
19 ed average of the interest rates on the loans consoli-
20 dated, rounded to the nearest higher one-eighth of
21 one percent. Interest that accrues on such an IDEA
22 Consolidation Loan shall not be capitalized.

23 “(2) APPLICATION OF INTEREST RATE DURING
24 THE LIFE OF THE LOAN.—The applicable rate of in-
25 terest determined under paragraph (1) shall be fixed

1 for the life of the IDEA Consolidation Loan, except
 2 that interest shall cease to accrue when the total
 3 amount of interest (both paid and unpaid) that has
 4 accrued on such Loan equals 50 percent of the total
 5 amount of the loans consolidated (as calculated on
 6 the date such Consolidation Loan is made, and equal
 7 to the sum of the unpaid principal, interest, pen-
 8 alties, and fees of all loans received by the borrower
 9 which are selected by the borrower for consolidation
 10 under this section).

11 **“Subpart 2—IDEA Loan Repayment Program**

12 **“CHAPTER 1—ESTABLISHMENT OF THE**
 13 **IDEA LOAN REPAYMENT PROGRAM**

14 **“SEC. 499D. DUTIES OF THE SECRETARY OF THE TREAS-**
 15 **URY.**

16 “(a) IN GENERAL.—As part of the IDEA Loan Re-
 17 payment Program established under this subpart, the Sec-
 18 retary of the Treasury shall, with respect to each indi-
 19 vidual for whom a loan made under this part is in repay-
 20 ment status during a taxable year, transmit to the Sec-
 21 retary of Education—

22 “(1) in the case of such an individual who files
 23 an income tax return for such taxable year, such tax
 24 information as is necessary to determine the individ-

1 ual’s income-based repayment obligation under sec-
2 tion 499E; and

3 “(2) in the case of any such individual who does
4 not file a return for such taxable year, any available
5 tax information of the individual as may be nec-
6 essary to determine such obligation and whether
7 such individual is in default under the terms of such
8 loan for not so filing.

9 “(b) **ADDITIONAL PROGRAM REQUIREMENTS.**—The
10 Secretary of the Treasury shall establish such other poli-
11 cies, procedures, and guidance as may be necessary to
12 carry out the purposes of this subpart, including measures
13 to prevent underreporting and evasion of repayment or fil-
14 ing.

15 **“SEC. 499E. DUTIES OF THE SECRETARY OF EDUCATION.**

16 “(a) **IN GENERAL.**—The Secretary shall carry out,
17 as part of the IDEA Loan Repayment Program estab-
18 lished under this subpart, the following activities:

19 “(1) **CALCULATION OF ANNUAL REPAYMENT**
20 **AMOUNTS.**—The Secretary shall calculate the annual
21 repayment amount under this subpart for borrowers
22 with 1 or more loans made under this part in repay-
23 ment status, including the income-based repayment
24 obligations of such borrowers in accordance with sec-
25 tion 499F(i).

1 “(2) COMMUNICATION WITH THE SECRETARY
2 OF THE TREASURY.—The Secretary shall transmit
3 to the Secretary of the Treasury such information as
4 is necessary for the Secretary of the Treasury to
5 carry out section 499F(i).

6 “(3) ANNUAL STATEMENTS.—Upon calculating
7 the annual repayment amounts under paragraph (1)
8 for a taxable year, the Secretary shall provide a
9 statement, on an annual basis, to each borrower
10 with a loan made under this part, which lists the fol-
11 lowing:

12 “(A) Total payments made on the bor-
13 rower’s annual repayment amount for such tax-
14 able year.

15 “(B) The borrower’s annual repayment
16 amount for such taxable year.

17 “(C) In the case of a borrower who, ac-
18 cording to section 499F(f), has underpaid such
19 annual repayment amount, the amount of such
20 underpayment and the process for paying such
21 underpayment under section 499F(f)(2).

22 “(D) In the case of a borrower with an
23 overpayment on such annual repayment
24 amount, the amount of such overpayment and

1 the process for requesting a refund of such
2 amount under section 499F(g), if applicable.

3 “(E) The outstanding balances on all the
4 loans made to the borrower under this part.

5 “(F) A description of how the borrower’s
6 annual repayment amount was calculated under
7 paragraph (1) or (2) of section 499F(b).

8 “(4) DIRECT PAYMENT.—The Secretary shall
9 enable a borrower to make direct payments on the
10 borrower’s annual repayment amount for the taxable
11 year to the Secretary throughout the year.

12 “(5) PAYMENTS ON A BORROWER’S BEHALF.—
13 The Secretary shall—

14 “(A) provide a mechanism for other indi-
15 viduals or entities to make payments on the an-
16 nual repayment amount of a borrower for a tax-
17 able year; and

18 “(B) notify the borrower that any pay-
19 ments made under subparagraph (A) for the
20 taxable year that exceed the annual repayment
21 amount for the year shall not be refunded to
22 the borrower.

23 “(6) CALCULATING INTEREST ACCRUED.—The
24 Secretary shall calculate the interest accrued for the
25 taxable year as if the borrower’s payments under

1 wage withholding under paragraph (10) for the tax-
2 able year were made in 12 equal increments
3 throughout the year.

4 “(7) APPEALS PROCESS.—The Secretary shall
5 make available a process through which a borrower
6 can appeal the calculation of the borrower’s annual
7 repayment amount, including a worksheet that en-
8 ables a borrower to calculate the borrower’s annual
9 repayment amount.

10 “(8) DEFAULT FOR FAILURE TO FILE A RE-
11 TURN.—In a case in which the Secretary receives in-
12 formation from the Secretary of the Treasury under
13 section 499D that a borrower with a loan made
14 under this part in repayment status has failed to file
15 a return under section 6012(a)(1) of the Internal
16 Revenue Code of 1986 and such borrower was re-
17 quired to file such a return, the Secretary shall—

18 “(A) notify the borrower of the borrower’s
19 failure to file such a return; and

20 “(B) if the borrower fails to file such a re-
21 turn within 90 days of receipt of the notice de-
22 scribed in subparagraph (A), consider the bor-
23 rower’s loans made under this part in repay-
24 ment status to be in default.

1 “(9) WITHHOLDING OPT-OUT.—The Secretary
2 shall establish a process through which a borrower
3 can indicate that the borrower would like to opt-out
4 of the withholding process under subsection (b) and,
5 in lieu of such process, make payments on a monthly
6 basis, as described in subsection (c).

7 “(10) EMPLOYER WITHHOLDING.—The Sec-
8 retary shall establish a process that meets the re-
9 quirements of subsection (b) under which employers
10 making payment of wages deduct and withhold upon
11 such wages amounts determined in accordance with
12 subsection (b)(3) with respect to an employee—

13 “(A) who has a loan made under this part
14 that is in repayment status;

15 “(B) who has not opted out of the with-
16 holding process under this paragraph; and

17 “(C) who is not in a forbearance period
18 under section 499F(a)(2)(C).

19 “(11) MONTHLY PAYMENTS PROCESS.—The
20 Secretary shall establish a monthly payments proc-
21 ess described in subsection (c).

22 “(b) REQUIREMENTS FOR EMPLOYER WITH-
23 HOLDING.—

1 “(1) WITHHOLDING ORDERS.—In carrying out
2 the employer withholding process under subsection
3 (a)(10), the Secretary shall carry out the following:

4 “(A) NEW EMPLOYMENT.—Upon deter-
5 mining, using the information provided under
6 section 453(j)(12) of the Social Security Act
7 (42 U.S.C. 653(j)(12)), that a borrower who
8 meets the requirements of subparagraphs (A)
9 through (C) of subsection (a)(10) obtains new
10 employment, issue a withholding order to the
11 borrower’s employer directing the employer to
12 withhold and transmit the amounts described in
13 paragraph (3) to the Secretary.

14 “(B) OTHER PURPOSES.—Upon notifica-
15 tion by a borrower that the borrower no longer
16 wishes to opt out of the withholding process
17 under subsection (a)(10) or that a borrower
18 who has been in forbearance under section
19 499F(a)(2)(C), voluntarily ends or no longer
20 qualifies for such forbearance, or upon deter-
21 mining that a borrower has entered repayment
22 status on 1 or more loans made under this part
23 (and the borrower had no loans made under
24 this part already in repayment status), using
25 the information provided under section

1 453(j)(12) of the Social Security Act (42
2 U.S.C. 653(j)(12)), issue a withholding order to
3 all of the borrower’s employers directing such
4 employers to withhold and transmit the
5 amounts described in paragraph (3) to the Sec-
6 retary.

7 “(C) STOP WITHHOLDING ORDER.—Upon
8 determining that a borrower is eligible for a for-
9 bearance under section 499F(a)(2)(C), that the
10 borrower has opted out of the withholding proc-
11 ess under subsection (a)(10), or that a borrower
12 has repaid the borrower’s loans made under
13 this part, using the information provided under
14 paragraph 12 of section 453(j)(12) of the So-
15 cial Security Act (42 U.S.C. 653(j)(12)), issue
16 a withholding order to the borrower’s employers
17 directing such employers to cease withholding
18 under this paragraph.

19 “(D) TRANSFER OF PAYMENTS.—Outline
20 clearly the process through which employers
21 shall transfer money withheld under this sub-
22 section to the Secretary.

23 “(E) ELECTRONIC TRANSMISSION.—

24 “(i) IN GENERAL.—Make available
25 electronic means of transmitting and proc-

1 essing both withholding orders and pay-
 2 ments from employers, including a means
 3 to correct under- and overpayments to the
 4 extent feasible, with the goal of stream-
 5 lining the processing of such orders and
 6 payments and minimizing impacts on em-
 7 ployers.

8 “(ii) NO REQUIREMENT TO USE ELEC-
 9 TRONIC TRANSMISSION.—Nothing in this
 10 part shall be construed to require an em-
 11 ployer, in carrying out a withholding order
 12 under this section, to use the electronic
 13 process described in clause (i).

14 “(2) EMPLOYER REMITTANCE.—

15 “(A) IN GENERAL.—In the case where an
 16 employer has received a withholding order
 17 under subparagraph (A) or (B) of paragraph
 18 (1) or the employee has indicated under para-
 19 graph (4)(A) that the employee has a loan that
 20 meets the requirements of subparagraphs (A)
 21 through (C) of subsection (a)(10), and the em-
 22 ployer has not subsequently received an order to
 23 stop withholding under paragraph (1)(C) for
 24 such employee, the employer shall withhold and
 25 transmit the amounts described in paragraph

1 (3) to the Secretary as directed under para-
2 graph (1)(D) and shall be liable for, and the
3 Secretary, as appropriate, may sue the em-
4 ployer in a State or Federal court of competent
5 jurisdiction to recover any amount that such
6 employer fails to withhold from wages with re-
7 spect to an employee after being directed to do
8 so for such employee, plus attorneys' fees, costs,
9 and, in the court's discretion, punitive damages.
10 Such employer shall not be required to vary the
11 normal pay and disbursement cycles in order to
12 comply with this subparagraph.

13 “(B) TIMING.—An employer transmitting
14 to the Secretary withholding payments under
15 this subsection shall transmit such payments on
16 a periodic basis, as determined by the employer
17 but not less frequently than quarterly.

18 “(3) WITHHOLDING AMOUNT.—The amount
19 withheld by an employer for each pay period with re-
20 spect to any employee for whom the employer is
21 withholding under this subsection shall be an
22 amount equal to the sum of—

23 “(A) the amount that results from the em-
24 ployer withholding—

1 “(i) 15 percent of the employee’s
2 wages for such pay period that will count
3 towards the employee’s annual repayment
4 amount under section 499F(b) that is in
5 excess of the employee’s exemption amount
6 for such pay period (as determined by di-
7 viding the employee’s exemption amount
8 under section 499F(i)(3) by the number of
9 pay periods for the taxable year); or

10 “(ii) in a case in which an employee
11 requests that such exemption amount not
12 be taken into account, 15 percent of the
13 employee’s wages for such pay period that
14 will count towards the employee’s annual
15 repayment amount under section 499F(b);
16 and

17 “(B) any additional amounts the employee
18 wishes to have withheld in accordance with
19 paragraph (4)(C).

20 “(4) WITHHOLDING PREFERENCES.—The Sec-
21 retary shall provide forms and procedures to allow
22 an employee to indicate to the employee’s em-
23 ployer—

24 “(A) that the employee has a loan that
25 meets the requirements of subparagraphs (A)

1 through (C) of subsection (a)(10) and therefore
2 the employer shall withhold payments under
3 this subsection;

4 “(B) that the employer shall not take into
5 account the exemption amount to which the em-
6 ployee is eligible under this part in determining
7 the employee’s withholding amount because the
8 exemption amount has already been taken into
9 account with respect to such employee; and

10 “(C) an election by the employee to have
11 amounts withheld in addition to the employee’s
12 withholding amount as calculated under para-
13 graph (3).

14 “(5) EMPLOYEE PROTECTION.—An employer
15 may not discharge from employment, refuse to em-
16 ploy, or take disciplinary action against an indi-
17 vidual subject to wage withholding in accordance
18 with this section by reason of the fact that the indi-
19 vidual’s wages have been subject to withholding
20 under this section, nor may an employer require that
21 an individual opt-out under subsection (a)(9) and
22 such individual may sue in a State or Federal court
23 of competent jurisdiction any employer who takes
24 such action. The court shall award attorneys’ fees to
25 a prevailing employee and, in its discretion, may

1 order reinstatement of the individual, award punitive
2 damages and back pay to the employee, or order
3 such other remedy as may be reasonably necessary.

4 “(6) GARNISHMENT.—For purposes of title III
5 of the Consumer Credit Protection Act (15 U.S.C.
6 1671 et seq.), amounts withheld under this sub-
7 section shall—

8 “(A) not be considered a garnishment; and

9 “(B) be considered to be amounts required
10 by law to be withheld.

11 “(c) MONTHLY PAYMENTS PROCESS.—

12 “(1) IN GENERAL.—The Secretary shall estab-
13 lish a process under which a borrower may make
14 monthly payments towards the borrower’s annual re-
15 payment amount, at any time in the taxable year,
16 because the borrower—

17 “(A) has opted-out of withholding under
18 subsection (a)(10); or

19 “(B) expects to have income that is not
20 subject to the withholding process described in
21 subsection (b).

22 “(2) INFORMATION REQUIRED.—The procedure
23 for initiating the monthly payments process under
24 paragraph (1) shall include the following:

1 “(A) INCOME ESTIMATE.—A requirement
2 for a borrower to provide an estimate of the
3 borrower’s income for the taxable year that will
4 count towards the borrower’s income-based re-
5 payment obligation, excluding, in the case of a
6 borrower subject to the withholding process,
7 any income subject to the withholding process.

8 “(B) AMORTIZATION SCHEDULE.—In the
9 case of a borrower who has opted out of the
10 withholding process, the ability for the borrower
11 to indicate that the borrower would like the bor-
12 rower’s monthly payments set such that the
13 borrower’s outstanding loans made under this
14 part would be repaid within a specified number
15 of years.

16 “(3) MONTHLY PAYMENTS AMOUNTS.—The
17 Secretary shall set the borrower’s monthly payment
18 amount to the greater of—

19 “(A) the difference between the borrower’s
20 annual repayment amount that would result
21 given the income estimate provided by the bor-
22 rower under paragraph (2)(A) and the pay-
23 ments the borrower has already made in the
24 year towards such amount (excluding, for bor-
25 rowers who have not opted-out of withholding,

1 payments through the withholding process), di-
2 vided by the remaining months in the taxable
3 year; or

4 “(B) for a borrower who indicates a time
5 frame under paragraph (2)(B), the monthly
6 payment amount that would result in the bor-
7 rower’s currently outstanding loans made under
8 this part being repaid within the number of
9 years specified by the borrower.

10 “(4) AUTOMATIC CONTINUATION.—The month-
11 ly payments process shall continue until—

12 “(A) the borrower elects to stop such pay-
13 ments; or

14 “(B) the borrower’s loans made under this
15 part are repaid.

16 “(5) UPDATING PAYMENT AMOUNTS.—

17 “(A) SECRETARY.—The Secretary shall
18 automatically recalculate a borrower’s monthly
19 payment amount at the beginning of a new tax-
20 able year using the most recent income estimate
21 provided under paragraph (2)(A) by the bor-
22 rower.

23 “(B) BORROWER.—The borrower may up-
24 date the borrower’s income estimate under
25 paragraph (2)(A) at any time.

1 **“CHAPTER 2—BORROWER REPAYMENT OF**
2 **IDEA LOANS AND IDEA CONSOLIDA-**
3 **TION LOANS**

4 **“SEC. 499F. BORROWER REPAYMENT.**

5 “(a) REPAYMENT PERIOD.—The repayment period of
6 a loan made under this part shall—

7 “(1) begin on the first day of the first taxable
8 year that begins after the borrower’s in-school
9 deferment period, or in the case of an IDEA Con-
10 solidation Loan, on the first day of the first taxable
11 year that begins after such Consolidation Loan is
12 disbursed; and

13 “(2) continue until the loan is paid in full, ex-
14 cept that the Secretary may grant a borrower for-
15 bearance of the borrower’s annual repayment
16 amount—

17 “(A) for a period not to exceed 60 days,
18 due to administrative or technical reasons;

19 “(B) for a period not to exceed 3 months,
20 due to unusual circumstances that disrupt the
21 borrower’s ability to make timely payments on
22 the loan; or

23 “(C) renewable at 12-month intervals for a
24 period not to exceed 3 years, due to docu-

1 mented extreme economic hardship on the part
2 of a borrower.

3 “(b) ANNUAL REPAYMENT AMOUNT.—The annual
4 repayment amount under this part for a taxable year for
5 a borrower with 1 or more loans made under this part
6 in repayment status shall be equal to the lesser of—

7 “(1) the income-based repayment obligation for
8 such borrower for such year, as calculated under
9 section 499E(a)(1); or

10 “(2) an amount equal to the sum of the out-
11 standing balances (equal to the sum of the unpaid
12 principal, interest, penalties, and fees) that the bor-
13 rower owes on such loans.

14 “(c) METHODS OF REPAYMENT.—A borrower who
15 expects to have an annual repayment amount for the tax-
16 able year that is greater than the amount specified in sub-
17 section (f)(1)(D) shall make payments through the fol-
18 lowing methods:

19 “(1) With respect to any wages earned by the
20 borrower that are subject to Federal income tax
21 withholding, the withholding process described in
22 section 499E(a)(10).

23 “(2) The monthly payments process described
24 in section 499E(c), to meet the portion of the bor-
25 rower’s obligation that is not paid through with-

1 holding, or, in the case of a borrower who opts out
2 of the withholding process, to meet the borrower's
3 entire obligation.

4 “(3) The direct payments process under section
5 499E(a)(4).

6 “(4) The process described in section
7 499E(a)(5) that allows other individuals or entities
8 to make payments on the borrower's annual repay-
9 ment amount for the year.

10 “(d) ORDER OF CREDITING.—Payments on loans
11 made under this part shall be applied, without regard to
12 the method of such payments, first toward penalties due
13 on the loans, next toward any fees due on the loans, then
14 toward any interest due on the loans, and finally toward
15 the principal due on the loan with the highest applicable
16 rate of interest among such loans.

17 “(e) PREPAYMENT AUTHORIZED.—A borrower shall
18 have the right to prepay all or part of such loan, at any
19 time and without penalty. Any such prepayment amount
20 will be applied to loans made under this part in the same
21 order as described in subsection (d).

22 “(f) UNDERPAYMENTS.—

23 “(1) PENALTIES FOR UNDERPAYMENTS.—

24 “(A) IN GENERAL.—Subject to subpara-
25 graph (C), if, as of the last day of a taxable

1 year, a borrower has not paid at least 90 per-
 2 cent of the borrower's annual repayment
 3 amount for such year, the borrower shall be
 4 charged a penalty in an amount equal to 15
 5 percent of the difference between—

6 “(i) an amount equal to 90 percent of
 7 the borrower's annual repayment amount
 8 for such year; and

9 “(ii) the amount paid on such annual
 10 repayment amount as of such day.

11 “(B) INCREASE OF ANNUAL REPAYMENT
 12 AMOUNT.—A borrower's annual repayment
 13 amount calculated under subsection (b) for such
 14 year shall be increased by the amount of such
 15 penalty, but such penalty shall not be treated as
 16 a principal or interest amount for a loan made
 17 under this part.

18 “(C) EXCEPTION FOR MEETING THE OBLI-
 19 GATION FOR THE PREVIOUS YEAR.—A borrower
 20 who has paid 100 percent of the borrower's an-
 21 nual repayment amount for the taxable year
 22 preceding the taxable year described in sub-
 23 paragraph (A) shall not be subject to the pen-
 24 alty under this paragraph for the taxable year
 25 described in subparagraph (A).

1 “(D) DE MINIMIS EXCEPTION.—A bor-
2 rower whose annual repayment amount is less
3 than \$300 shall not be subject to the penalty
4 under this paragraph for the taxable year de-
5 scribed in subparagraph (A).

6 “(2) RECONCILING UNDERPAYMENTS.—

7 “(A) IN GENERAL.—If, as of the last day
8 of a taxable year, the sum of the payments
9 made on a borrower’s annual repayment
10 amount for such year is less than the total
11 amount of the borrower’s annual repayment
12 amount for such year, the borrower—

13 “(i) in the case of the first year that
14 the borrower has a difference between such
15 amounts—

16 “(I) may request, in such manner
17 as the Secretary shall require, that
18 the Secretary reduce the borrower’s
19 annual repayment amount for such
20 year to the sum of—

21 “(aa) the payments made,
22 as of such day, on the borrower’s
23 annual repayment amount for
24 such year; and

1 “(bb) any penalties cal-
2 culated under paragraph (1) re-
3 sulting from such underpayment;
4 and

5 “(II) if the borrower qualifies for
6 the reduction requested under sub-
7 clause (I), shall pay the sum cal-
8 culated under such subclause at such
9 time and in such manner as required
10 by the Secretary;

11 “(ii) if the borrower does not qualify
12 for a reduction under clause (i) or does not
13 request such a reduction, shall pay to the
14 Secretary an amount equal to the dif-
15 ference between such amounts within the
16 30-day period beginning on the date of re-
17 ceipt by the borrower of the borrower’s an-
18 nual statement described in section
19 499E(a)(3) for such year; or

20 “(iii) if the borrower fails to pay the
21 amount owed by the borrower as calculated
22 under clause (ii) within the 30-day period,
23 shall be charged a penalty equal to 2 per-
24 cent of such amount for each month (pro-
25 rated based on the percentage of a month

1 such penalty is charged) that such amount
2 is owed or until the borrower defaults on
3 the loan for which such amount is owed,
4 whichever occurs first.

5 “(B) DEFAULT.—A loan for which an
6 amount is owed under subparagraph (A) and
7 that is not paid within 270 days after the date
8 of receipt by the borrower of the borrower’s an-
9 nual statement described in section 499E(a)(3)
10 shall be considered to be in default.

11 “(g) OVERPAYMENTS.—If, as of the last day of a tax-
12 able year, the sum of the payments made on a borrower’s
13 annual repayment amount for such year is greater than
14 the total amount of the borrower’s annual repayment
15 amount for such year, the Secretary shall—

16 “(1) refund the overpayment amount, if the
17 borrower notifies the Secretary, within the 90-day
18 period beginning on the date of receipt of the bor-
19 rower’s annual statement described in section
20 499E(a)(3) for such year and in a manner pre-
21 scribed by the Secretary, that the borrower desires
22 to have the overpayment amount refunded; or

23 “(2) if a borrower fails to notify the Secretary
24 of the borrower’s desire for a refund of such amount
25 within such 90-day period, apply such amount as a

1 prepayment to the borrower’s loans made under this
 2 part in the same manner as a prepayment author-
 3 ized under subsection (e).

4 “(h) EMPLOYER FAILURE TO WITHHOLD PAY-
 5 MENTS.—In the case of a borrower whose employer fails
 6 to withhold amounts under section 499E(b) upon any
 7 wages earned by the borrower that are subject to Federal
 8 income tax withholding and with respect to which the bor-
 9 rower made an election to have amounts withheld under
 10 such section, the Secretary shall—

11 “(1) reduce the borrower’s annual repayment to
 12 an amount equal to the borrower’s annual repay-
 13 ment amount had wages from such employer been
 14 excluded when calculating the borrower’s annual re-
 15 payment amount; and

16 “(2) reduce any penalties for underpayments
 17 calculated under subsection (f)(1) and refund any
 18 overpayments on such annual repayment amount,
 19 accordingly.

20 “(i) DETERMINATION OF INCOME-BASED REPAY-
 21 MENT OBLIGATION.—

22 “(1) IN GENERAL.—The income-based repay-
 23 ment obligation with respect to an individual for any
 24 taxable year is an amount equal to 15 percent of the
 25 excess of—

1 “(A) the sum of—

2 “(i) the wages, salaries, tips, and
3 other employee compensation of the indi-
4 vidual, but only if such amounts are in-
5 cludible in gross income for the taxable
6 year (determined without regard to sec-
7 tions 911, 931, and 933 of the Internal
8 Revenue Code of 1986) and are readily at-
9 tributable to the individual, plus

10 “(ii) any other amount included in
11 total income of the taxpayer for the tax-
12 able year but not described in clause (i),
13 except that such amount shall be divided
14 by 2 in the case of an individual who is
15 married and filing a joint tax return, over

16 “(B) the sum of—

17 “(i) the exemption amount with re-
18 spect to such individual, plus

19 “(ii) the lesser of the amount deter-
20 mined with respect to the taxpayer under
21 subparagraph (A)(ii).

22 “(2) EXCLUSION OF CERTAIN AMOUNTS PAID
23 ON BEHALF OF INDIVIDUAL.—Any amount paid on
24 the borrower’s behalf under section 499E(a)(5) shall

1 not be taken into account in determining such bor-
 2 rower’s income-based repayment obligation.

3 “(3) EXEMPTION AMOUNT.—For purposes of
 4 this subpart, the exemption amount with respect to
 5 an individual shall be 150 percent of the poverty line
 6 for the individual’s household size (as determined
 7 under section 673(2) of the Community Services
 8 Block Grant Act (42 U.S.C. 9902(2))) for the cal-
 9 endar year in which the taxable year ends.

10 “(4) INDIVIDUALS NOT FILING A RETURN.—
 11 The income-based repayment obligation with respect
 12 to an individual not required to file a return under
 13 section 6012(a)(1) of the Internal Revenue Code of
 14 1986 shall be treated as zero.”.

15 **SEC. 4. CONFORMING CHANGES TO THE HIGHER EDU-**
 16 **CATION ACT OF 1965.**

17 (a) LOAN FORGIVENESS AND CANCELLATION FOR
 18 TEACHERS.—

19 (1) LOAN FORGIVENESS FOR TEACHERS.—Sec-
 20 tion 428J of the Higher Education Act of 1965 (20
 21 U.S.C. 1078–10) is amended—

22 (A) in subsection (b), by inserting “or for
 23 an IDEA loan made under part J,” after “or
 24 428H,”; and

25 (B) in subsection (c)—

1 (i) in paragraph (1), by inserting “or
2 an IDEA loan made under part J” after
3 “or 428H”; and

4 (ii) in paragraph (2)—

5 (I) by striking “A loan” and in-
6 serting the following:

7 “(A) LOANS MADE UNDER SECTION
8 428C.—A loan”; and

9 (II) by adding at the end the fol-
10 lowing new subparagraph:

11 “(B) IDEA CONSOLIDATION LOAN.—A
12 loan amount for an IDEA Consolidation Loan
13 may be a qualified loan amount for purposes of
14 this subsection only to the extent that such loan
15 amount was used to repay a Federal Direct
16 Stafford Loan, a Federal Direct Consolidation
17 Loan, a Federal Direct Unsubsidized Stafford
18 Loan, or a loan made under section 428, 428C,
19 or 428H.”.

20 (2) LOAN CANCELLATION FOR TEACHERS.—
21 Section 460 of such Act (20 U.S.C. 1087j) is
22 amended—

23 (A) in subsection (b), by inserting “or for
24 an IDEA loan made under part J” after
25 “under this part”; and

1 (B) in subsection (c)—

2 (i) in paragraph (1), by striking “or a
3 Federal Direct Unsubsidized Stafford
4 Loan” and inserting “, a Federal Direct
5 Unsubsidized Stafford Loan, or an IDEA
6 loan made under part J”; and

7 (ii) in paragraph (2)—

8 (I) by striking “A loan” and in-
9 serting the following:

10 “(A) FEDERAL DIRECT CONSOLIDATION
11 LOAN.—A loan”; and

12 (II) by adding at the end the fol-
13 lowing new subparagraph:

14 “(B) IDEA CONSOLIDATION LOAN.—A
15 loan amount for an IDEA Consolidation Loan
16 may be a qualified loan amount for purposes of
17 this subsection only to the extent that such loan
18 amount was used to repay a Federal Direct
19 Stafford Loan, a Federal Direct Consolidation
20 Loan, a Federal Direct Unsubsidized Stafford
21 Loan, or a loan made under section 428, 428C,
22 or 428H.”.

23 (b) LOAN FORGIVENESS FOR SERVICE IN AREAS OF
24 NATIONAL NEED.—Section 428K(a)(2) of such Act (20
25 U.S.C. 1078–11(a)(2)) is amended—

1 (1) by striking “and” at the end of subpara-
2 graph (A);

3 (2) by striking the period at the end of sub-
4 paragraph (B) and inserting “; and”; and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(C) to cancel the qualified loan amount
8 for a loan made under part J of this title.”.

9 (c) LOAN REPAYMENT FOR CIVIL LEGAL ASSIST-
10 ANCE ATTORNEYS.—Section 428L(b)(2)(A) of such Act
11 (20 U.S.C. 1078–12(b)(2)(A)) is amended—

12 (1) in clause (i), by striking “or part E” and
13 inserting “, part E, or part J”; and

14 (2) in clause (ii)—

15 (A) in the matter preceding subclause (I),
16 by striking “or 455(g)” and inserting “, 455(g),
17 or 499C”;

18 (B) by striking “or” at the end of sub-
19 clause (II);

20 (C) by redesignating subclause (III) as
21 subclause (IV); and

22 (D) by inserting after subclause (II) the
23 following:

24 “(III) a Federal Direct Consoli-
25 dation Loan or a loan made under

1 section 428C, in the case of a loan
2 made under section 499C; or”.

3 (d) MASTER PROMISSORY NOTE.—Section
4 432(m)(1)(D) of such Act (20 U.S.C. 1082(m)(1)(D)) is
5 amended—

6 (1) by striking “this part and part D” each
7 place it appears and by inserting “this part, part D,
8 and part J”; and

9 (2) by striking “this part or part D” each place
10 it appears and by inserting “this part, part D, or
11 part J”.

12 (e) CONTRACTS.—Section 456 of such Act (20 U.S.C.
13 1087f) is amended—

14 (1) in subsection (a)—

15 (A) in paragraph (2), by striking “this
16 part” each place it appears and inserting “this
17 part or part J”; and

18 (B) in paragraph (4), by inserting “or part
19 J” after “this part”; and

20 (2) in subsection (b)—

21 (A) in paragraph (1), by inserting “or the
22 program under part J” after “(or their par-
23 ents)”;

24 (B) in paragraph (2), by inserting “or part
25 J” after “this part”;

1 (C) in paragraph (3), by inserting “or part
2 J” after “this part”; and

3 (D) in paragraph (4), by inserting “or the
4 IDEA Loan Program” after “loan program”.

5 (f) FUNDS FOR ADMINISTRATIVE EXPENSES.—Sec-
6 tion 458(a)(3) of such Act (20 U.S.C. 1087h(a)(3)) is
7 amended—

8 (1) by striking “this part and part B” and in-
9 serting “this part, part B, and part J”; and

10 (2) by inserting before the period at the end the
11 following: “and part J”.

12 (g) STUDENT ELIGIBILITY.—Section 484 of such Act
13 (20 U.S.C. 1091) is amended—

14 (1) in subsection (b)—

15 (A) in paragraph (3), by striking “or D”
16 and inserting “, D, or E”; and

17 (B) in paragraph (4)(B), by striking “or
18 E” and inserting “E, or J”;

19 (2) in subsection (d), by striking “and E” and
20 inserting “E, and J”;

21 (3) in subsection (f), by striking “or part E”
22 each place it appears and inserting “part E, or part
23 J”; and

24 (4) in subsection (m), by striking “and E” and
25 inserting “E, and J”.

1 (h) INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-
2 FORMATION FOR STUDENTS.—Section 485 of such Act
3 (20 U.S.C. 1092) is amended—

4 (1) in subsection (a)—

5 (A) in paragraph (1)(M), by striking “and
6 E” and inserting “E, and J”; and

7 (B) in paragraph (7)(A)(i), by striking
8 “Loan)” each place it appears and inserting
9 “Loan) or part J”;

10 (2) in subsection (b)—

11 (A) in paragraph (1)(A)—

12 (i) in the matter preceding clause (i),
13 by inserting “or made under part J” after
14 “part E”; and

15 (ii) in clause (vii)—

16 (I) by inserting “or an IDEA
17 Consolidation Loan” after “Federal
18 Direct Consolidation Loan”; and

19 (II) by striking “and E” and in-
20 serting “E, and J”; and

21 (B) in paragraph (2)(A), by striking “or
22 E” and inserting “E, or J”; and

23 (3) in subsection (l)(1)—

1 (A) in subparagraph (A), in the matter
 2 preceding clause (i), by inserting “or made
 3 under part J” after “student”); and

4 (B) in subparagraph (B), by striking “or
 5 D” and inserting “, D, or J”.

6 **SEC. 5. NATIONAL DIRECTORY OF NEW HIRES.**

7 Section 453(j) of the Social Security Act (42 U.S.C.
 8 653(j)) is amended by adding at the end the following:

9 “(12) INFORMATION COMPARISONS AND DIS-
 10 CLOSURE TO ASSIST WITH COLLECTION OF IDEA
 11 STUDENT LOANS.—

12 “(A) FURNISHING OF INFORMATION BY
 13 THE SECRETARY OF EDUCATION.—The Sec-
 14 retary of Education shall furnish to the Sec-
 15 retary, on such periodic basis as determined by
 16 the Secretary of Education in consultation with
 17 the Secretary, information in the custody of the
 18 Secretary of Education for comparison with in-
 19 formation in the National Directory of New
 20 Hires, in order to obtain information in such
 21 Directory with respect to persons who have a
 22 loan made under part J of title IV of the High-
 23 er Education Act of 1965 in repayment status.

24 “(B) REQUIREMENT TO SEEK MINIMUM
 25 INFORMATION.—The Secretary of Education

1 shall seek information pursuant to this section
2 only to the extent necessary to improve collec-
3 tion of the debts owed on the loans described in
4 subparagraph (A).

5 “(C) DUTIES OF THE SECRETARY.—

6 “(i) INFORMATION DISCLOSURE.—The
7 Secretary, in cooperation with the Sec-
8 retary of Education, shall compare infor-
9 mation in the National Directory of New
10 Hires with information provided by the
11 Secretary of Education with respect to per-
12 sons described in subparagraph (A) and
13 shall disclose information in such Directory
14 regarding such persons to the Secretary of
15 Education in accordance with this para-
16 graph, for the purposes specified in this
17 paragraph.

18 “(ii) CONDITION ON DISCLOSURE.—

19 The Secretary shall make disclosures in ac-
20 cordance with clause (i) only to the extent
21 that the Secretary determines that such
22 disclosures do not interfere with the effec-
23 tive operation of the program under this
24 part.

1 “(D) PROHIBITION AND UNAUTHORIZED
2 USE.—

3 “(i) IN GENERAL.—Individual data
4 collected under this paragraph shall not be
5 used for any purpose not specifically au-
6 thorized by Federal law.

7 “(ii) PENALTIES FOR UNAUTHORIZED
8 DISCLOSURE OF DATA.—Any individual
9 who willfully discloses information provided
10 under this paragraph, in any manner to an
11 entity not entitled to receive the informa-
12 tion, shall be fined under title 18, United
13 States Code, imprisoned not more than 5
14 years, or both.

15 “(E) USE OR DISCLOSURE OF INFORMA-
16 TION BY THE SECRETARY OF EDUCATION.—The
17 Secretary of Education may use or disclose in-
18 formation provided under this paragraph only
19 for purposes of collecting the debts owed on the
20 loans described in subparagraph (A).

21 “(F) REIMBURSEMENT OF HHS COSTS.—
22 The Secretary of Education shall reimburse the
23 Secretary, in accordance with subsection (k)(3),
24 for the costs incurred by the Secretary in fur-

1 nishing the information requested under this
2 paragraph.

3 “(G) COMPLIANCE WITH FERPA.—In car-
4 rying out this paragraph, the Secretary and the
5 Secretary of Education shall not share any per-
6 sonally identifiable information and shall act in
7 accordance with section 444 of the General
8 Education Provisions Act (20 U.S.C. 1232g,
9 commonly known as the ‘Family Educational
10 Rights and Privacy Act of 1974’).”.

11 **SEC. 6. DISCLOSURE OF RETURN INFORMATION FOR PUR-**
12 **POSES OF IDEA LOAN REPAYMENT PRO-**
13 **GRAM.**

14 (a) IN GENERAL.—Subsection (l) of section 6103 of
15 the Internal Revenue Code of 1986 is amended by adding
16 at the end the following new paragraph:

17 “(23) DISCLOSURE OF RETURN INFORMATION
18 TO DEPARTMENT OF EDUCATION FOR PURPOSES OF
19 ADMINISTERING IDEA LOAN REPAYMENT PRO-
20 GRAM.—

21 “(A) IN GENERAL.—The Secretary shall,
22 upon written request, disclose to the Depart-
23 ment of Education such return information as
24 is necessary for purposes of carrying out the
25 IDEA Loan Repayment Program established

1 under subpart 2 of part J of the Higher Edu-
2 cation Act of 1965.

3 “(B) RESTRICTION ON DISCLOSURE.—Re-
4 turn information disclosed under subparagraph
5 (A) may be used by officers, employees, and
6 contractors of the Department of Education
7 only for purposes of, and to the extent nec-
8 essary in—

9 “(i) determining income-based repay-
10 ment obligations under the IDEA Loan
11 Repayment Program, and

12 “(ii) determining amounts deducted
13 and withheld, and amounts paid concu-
14 rently with quarterly estimated taxes,
15 under the IDEA Loan Repayment Pro-
16 gram.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the date of the enactment
19 of this Act.

20 **SEC. 7. SENSE OF CONGRESS.**

21 It is the sense of Congress that any loan repayment
22 or forgiveness program available under a Federal law out-
23 side of the Higher Education Act of 1965 (20 U.S.C. 1001
24 et seq.) to students with loans made under part D of title
25 IV of the Higher Education Act of 1965 (20 U.S.C. 1087a

- 1 et seq.) should be available to students with loans made
- 2 under part J of such title of such Act.

